

FIGURES | SAN ANTONIO OFFICE | Q1 2026

Market stabilizing as high-quality space absorbed, construction remains stalled

▼ 18.5%
Vacancy Rate

▼ 19.3%
Availability Rate

▼ 1,636
SF Net Absorption

▶ 0
SF Under Construction

▲ \$30.26
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

San Antonio's Office Market in Q1 2026 reflected a cautiously improving demand profile against a backdrop of no new supply and strong demand for Class A space. Net absorption was slightly positive at 1,636 sq. ft., a sharp slowdown from Q4 2025 but a 142,000 sq. ft. improvement from the negative reading in Q1 2025, bringing year-to-date absorption back into positive territory. Vacancy continued to slowly decline, edging down 10 basis points quarter-over-quarter to 18.5%, while availability tightened more meaningfully, falling 90 basis points from Q4 2025 to 19.3% marketwide.

As in recent quarters, tenants in the Healthcare sector dominated leasing activity, followed closely by tenants in the Professional Services (particularly Legal Services and Architecture/Engineering) and Finance sectors. Tenants continue to show a clear preference for Class A space.

With no space under construction and no deliveries since early 2024, lack of new product has helped support both the gradual compression in vacancy and steady rent gains, even as quarterly absorption remained volatile over the past several years.

Figure 1: Net Absorption Trend



Source: CBRE Research, Q1 2026

ABSORPTION TRENDS

Total office net absorption in Q1 2026 was effectively flat at 1,636 sq. ft., as 45,000 sq. ft. of Class A move-ins were largely offset by 43,000 sq. ft. of negative absorption in all other classes. This result was well below the 170,000 sq. ft. recorded in Q4 2025 but represented a marked improvement from negative 140,000 sq. ft. in Q1 2025. Positive net absorption was concentrated primarily in the North Central and Far North Central submarkets. Although vacancy is sharply differentiated by submarket and quality, occupiers continue to show a clear preference for Class A space.

LEASING ACTIVITY

Total leasing volume reached 275,000 sq. ft. in Q1 2026, following 1.3 million sq. ft. of space leased over full-year 2025. Q1 2026 activity declined 109,000 sq. ft., or 28.4%, from Q4 2025 and was 22,000 sq. ft. (7.4%), below Q1 2025, indicating slower deal flow on both a quarter-over-quarter and year-over-year basis. Healthcare dominated leasing activity (28% of activity by deal count), followed closely by tenants in the Professional Services sector including Legal Services, Finance & Insurance, and offices of Architects & Engineers.

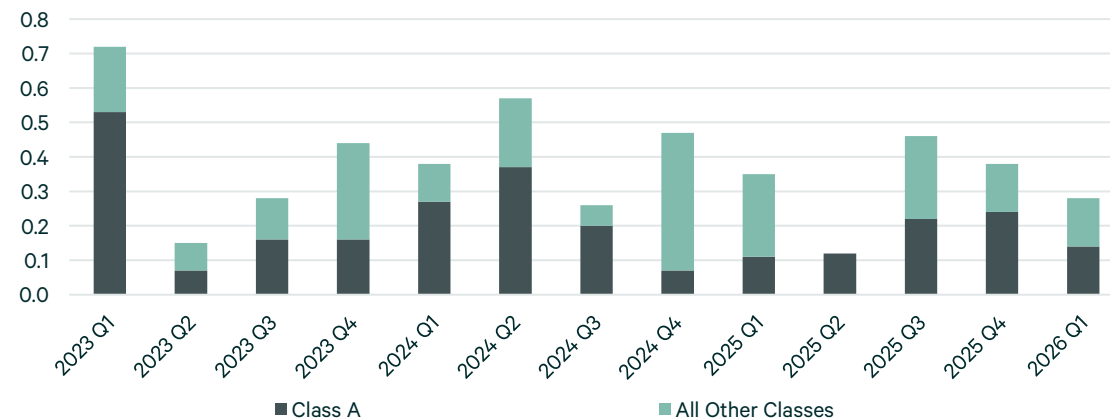
CONSTRUCTION

San Antonio has not seen any new office construction starts in the past seven quarters; the post-pandemic construction pipeline, entirely Class A, peaked at 298,000 sq. ft. in 2023 before fully delivering and falling to 0 sq. ft. by Q1 2024. WatersEdge I & II, the market’s most recent delivery as of Q1 2024, is beginning to see leasing activity with a full-floor lease signed in Building I for Q2 2026 occupancy. Product delivered from 2020 to present is 20.76% vacant as of Q1.

ECONOMIC OVERVIEW

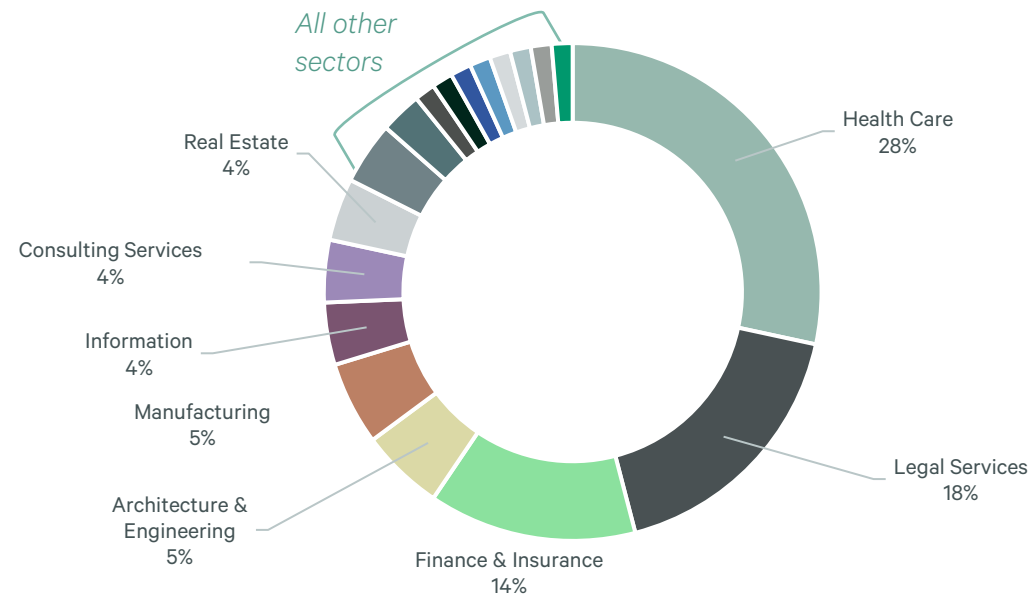
The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

Figure 2: Leasing Activity Trend
Sq. Ft. Millions



Source: CBRE Research, Q1 2026

Figure 3: Leasing Activity by Sector (by Deal Count)



Source: CBRE Research, Q1 2026

FIGURE 4: San Antonio Office Market Statistics

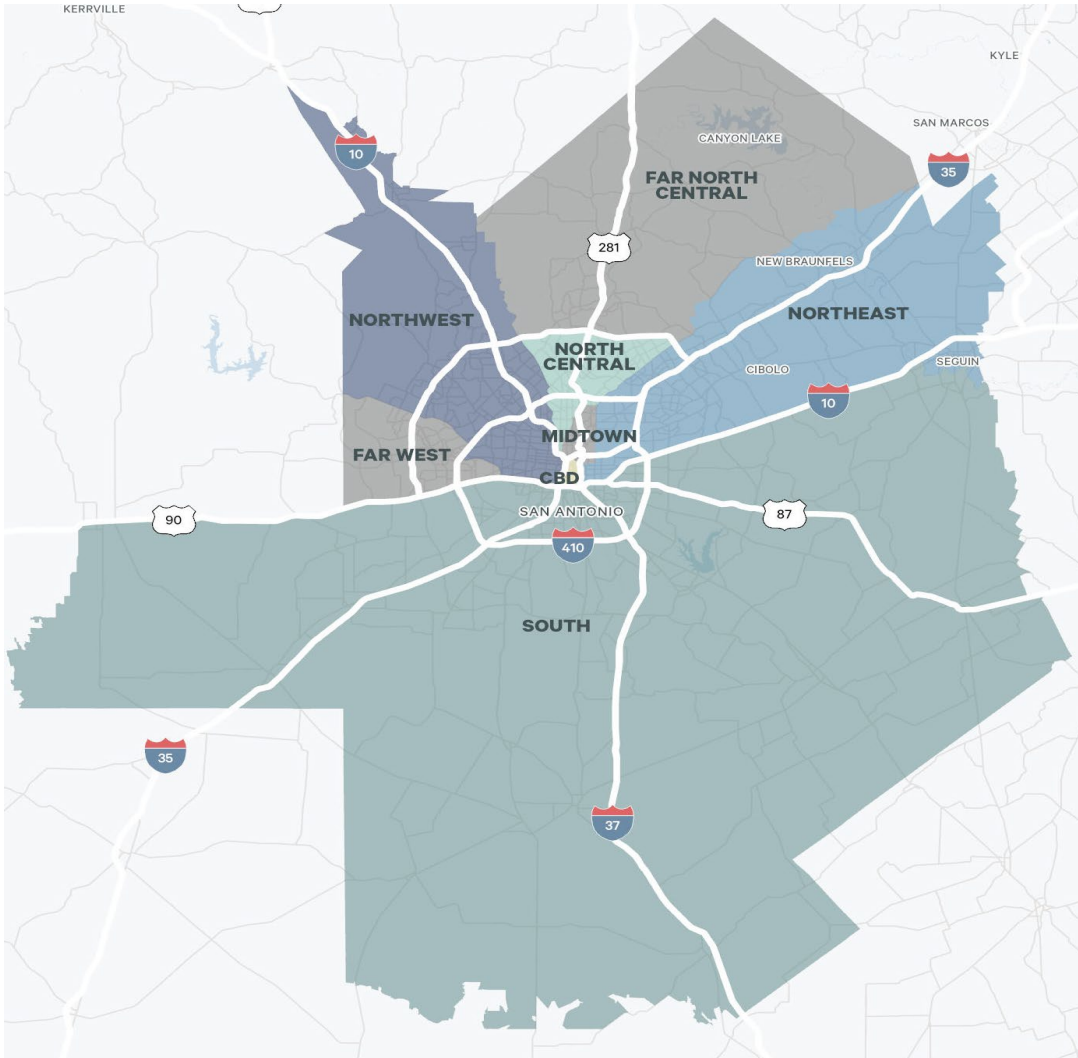
Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Average Asking Rate, Gross (\$/SF) *	Under Construction (SF)	Q4 2025 Deliveries (SF)	Q4 2025 Net Absorption (SF)
CBD	4,909,905	25.8	22.8	32.76	-	-	31,905
Class* A	2,154,173	39.6	33.6	34.99	-	-	16,685
Class B	2,318,602	17.1	16.3	29.01	-	-	15,220
Far North Central	2,539,075	14.6	17.3	36.80	-	-	81,333
Class A	1,484,533	10.8	13.8	41.09	-	-	72,098
Class B	1,037,696	20.4	22.5	31.79	-	-	9,235
Far West	1,715,225	21.4	11.3	28.33	-	-	(14,825)
Class A	886,646	23.0	3.5	30.83	-	-	(13,625)
Class B	769,908	21.2	21.2	27.47	-	-	(1,200)
Midtown	2,730,599	8.5	8.6	42.32	-	-	6,923
Class A	2,170,708	7.6	7.9	45.13	-	-	9,123
Class B	435,407	15.1	14.3	36.19	-	-	(2,200)
North Central	8,943,924	18.0	18.5	26.25	-	-	(35,955)
Class A	2,475,469	14.2	16.7	31.64	-	-	9,318
Class B	5,087,205	21.8	21.3	25.17	-	-	(24,867)
Northeast	2,119,285	26.5	21.4	25.09	-	-	(28,991)
Class A	536,318	31.0	19.3	29.16	-	-	-
Class B	1,261,654	21.6	19.0	22.91	-	-	(23,691)
Northwest	11,107,447	16.7	22.1	30.16	-	-	(38,754)
Class A	2,682,932	9.4	21.7	42.61	-	-	(49,072)
Class B	7,038,146	19.8	23.0	26.77	-	-	5,721
South	843,668	24.3	21.5	37.19	-	-	-
Class A	455,029	41.0	35.5	37.23	-	-	-
Class B	324,030	5.7	5.7	-	-	-	-
San Antonio Total	34,909,128	18.5	19.3	30.26	-	-	1,636
Class A	12,845,808	18.2	18.6	37.34	-	-	44,527
Class B	18,272,648	19.9	20.8	26.71	-	-	(21,782)

*Market Operating Expenses were updated in Q1 2026; as a result, gross asking rents will vary significantly from previously reported rents.

**Class C stats not shown, but included in total

Source: CBRE Research, Q4 2025

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all non-owner occupied, non-medical office buildings 20,000 sq. ft. and greater in size in the greater metropolitan area of San Antonio, TX. Buildings which have begun construction as evidenced by site excavation or foundation work.

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